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1. This memorandum represents the consensus of Board and Staff opinion on the immediate implications of this morning's telegram from Teheran.
2. Pending further information, we presume that the hostility of the Soviets may have been overstressed in the account given us by the Iranians. But the Soviets were no doubt injured in pride. Moreover, they have a real concern about the extension of US and Western military presence on their borders, and about the prospective bilateral agreement between the US and Iran. Hence, they will probably take fairly strong measures.
3. We think it unlikely that the Soviets will use armed force against Iran.

4. We think it probable that the Soviets will commence a public and private war of nerves against Iran, including some or all of the following elements:

- (a) pressures not to sign the bilateral agreement with the US;
- (b) strong representations and protests against US and British military installations presently in Iran;
- (c) strong threats against any increase of US or Western military or intelligence activity in Iran;
- (d) breaking off of diplomatic relations with Iran -- or a threat to break off diplomatic relations if the bilateral is signed;
- (e) economic pressures;
- (f) troop movements in the trans-Caucasus, designed to intimidate the Iranians.

5. The Soviets will probably increase their operations among the Kurds, but we doubt that such measures could be

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fruitful in the very near future. The same holds true for subversion among the Arabs of southwestern Iraq. We believe the Tudeh Party is virtually useless to the Soviets for the time being.

6. In operating against Iran, the Soviets will probably have a care for the situation in Iraq, where the course of events is currently favorable to them, and might be disturbed by heavy handed procedures in Iran. We do not think the Soviets can in the immediate future substantially increase pressures on Iran from Iraq; the situation in Iraq is probably moving about as fast as it can.

7. It is possible that the Soviets could put some pressures on Iran through Afghanistan.

8. What effect all this may have on Iran will depend greatly on what the US does. The Shah will certainly ask for moral and political and material assistance. We think that, with some US backing, Iran can survive a substantial Soviet political warfare campaign.

ABBOT SMITH
Acting Chairman
Board of National Estimates

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